

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-11

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAM-01 SAJ-01 OMB-01 EB-11 ABF-01 SS-20 NSC-10 DRC-01

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R 011800Z FEB 74

FM USMISSION NATO

TO SECSTATE WASHDC 3849

SECDEF WASHDC

C O N F I D E N T I A L USNATO 0530

E.O. 11652: GDS80

TAGS: MCAP NATO

SUBJECT: REVISION OF COST SHARING FORMULAE OF THE NATO CIVIL AND  
MILITARY BUDGETS

SECDEF FOR ISA AND COMPTROLLER

REFS: A. CAM(74)5

B. USNATO 0246

BEGIN SUMMARY. REF A STATES THAT CIVIL AND MILITARY BUDGET CMTEES  
HAVE BEEN UNABLE TO ARRIVE AT AN ACCEPTABLE PROPOSAL FOR REVISION  
OF THE CURRENT COST SHARING FORMULAE OF THE INTERNATIONAL MILITARY  
HQS BUDGET AND INTERNATIONAL STAFF BUDGET. REPORT SO STATES AND  
REQUEST FURTHER GUIDANCE. END SUMMARY.

1. C-M(74)5 REPORTS TO THE COUNCIL THE RESULTS OF DELIBERATIONS  
ON A REVISION OF THE CIVIL AND MILITARY BUDGET COST SHARING FORMULAE.

2. THE CMTEE EXAMINED VARIOUS FORMULAE TO EFFECT A 30 PCT REDUCTION  
IN THE US SHARE (SEE REF B). THE FIRST OF THESE WAS A PROPORTIONAL  
DISTRIBUTION OF THE US REDUCTION TO ALL OTHER COUNTRES. WITH THE  
EXCEPTION OF GERMANY, UK AND FRANCE, ALL COUNTRES COULD AGREE IN  
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PRINCIPLE TO THIS METHOD OF REVISION. THE FRG, UK AND FRANCE RE-  
JECTED ANY SUGGESTION OF AN INCREASE IN THEIR CURRENT PERCENTAGE  
CONTRIBUTION.

3. SEVERAL VARIATIONS OF FORMULAE INTENDED TO MAINTAIN THE CURRENT ORDER OF MAJOR CONTRIBUTORS, I.E. US, UK, FRANCE AND GERMANY WERE EXAMINED. MAINTAINING THE CURRENT ORDER OF CONTRIBUTIONS MADE IT VITUALLY IMPOSSIBLE MATHEMATICALLY TO ARRIVE AT A 30 PCT REDUCTION OF THE US SHARE. VARIATIONS AIMED AT EQUALIZING THE SHARES OF THE FOUR MAJOR CONTRIBUTORS, WITH THE SMALLER COUNTRIES ACCEPTING A PROPORTIONAL INCREASE, WERE REJECTED ONCE AGAIN ON THE BASIS OF REFUSUAL BY THE FRG, UK, AND FRANCE TO CONSIDER AN INCREASE IN THEIR SHARE.

4. THE CBC/MCB REPORT TO THE COUNCIL IN REF A THEIR INABILITY TO ARRIVE AT AN ACCEPTABLE REVISION OF THE CURRENT COST SHARING FORMULAE WITHOUT ADDITIONAL GUIDANCE.

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